Manitoba Agriculture

Guidelines For Estimating

Shortkeep Feeder Costs

For Weight Range of 850 - 1400 lbs

Based on feeding 500 Steers

Information Update

DATE: September, 2000

Cattle feeding is a high risk business requiring large amounts of short term capital to buy feeder cattle and feed. With cyclical price variations for both livestock and feed, successful management involves careful consideration of costs, projection of markets and sound judgement.

The following budget is an estimate of the costs of production encountered in finishing beef cattle in a farm feedlot situation. The purpose of this budget is to assist Manitoba livestock producers to calculate their own cost of production and take into consideration the factors that should be included when budgeting to determine breakeven prices.

The assumptions on which costs are calculated are clearly defined in the supporting pages. When interpreting these costs for an individual situation, adjustments may be required. Note that on-farm feed costs are based on market prices at the farm. It is assumed that all feed is grown on the farm, except for supplements. Each assumption must be examined and adjustments made, where necessary, to apply to the producer's own situation.

MG 15396

Shortkeep Cattle Production Cost Summary - 2000

	Cost/Head	Total	Your Cost
A. Operating Costs			
1. Feed Costs			
1.01 Ground Barley	157.00	78,500	
1.02 Barley Silage	23.55	11,775	
1.03 Supplement	12.66	6,330	
Total Feed Costs	**$193.21**	**$96,605**	
2. Other Operating Costs			
2.01 Feeder Cost	1,079.88	539,938	
2.02 Straw	3.75	1,875	
2.03 Veterinary Medicine & Supplies	9.80	4,900	
2.04 Annual Fuel & Repair Costs	6.80	3,400	
2.05 Utilities	5.40	2,700	
2.06 Marketing Costs	64.19	32,095	
2.07 Insurance	7.29	3,645	
2.08 Manure Removal	5.40	2,700	
2.09 Barn & Office Supplies	0.32	160	
2.10 Death Loss	5.98	2,990	
Subtotal Operating Costs	1,382.01	691,008	
2.11 Operating Interest	44.90	22,448	
Total Operating Costs	**$1,426.91**	**$713,456**	
B. Fixed Costs			
3. Depreciation			
3.01 Buildings	5.21	2,605	
3.02 Machinery & Equipment	11.20	5,600	
4. Investment			
4.01 Buildings	3.18	1,591	
4.02 Machinery & Equipment	4.20	2,100	
Total Fixed Costs	**$23.79**	**$11,896**	
Total Operating and Fixed Costs	**$1,450.70**	**$725,352**	
5. Labour	20.00	10,000	
Total Cost of Production	**$1,470.70**	**$735,352**	

Cost per lb of gain sold	**$/cwt**	
Feed Costs	$40.25	
Operating Costs	$75.92	
Operating & fixed	$80.87	
Total costs	$85.04	
Breakeven Selling Price		
Operating Costs	$107.29	
Operating & fixed	$109.08	
Total costs	$110.58	

Assumptions

1. Average daily gain (ADG) was assumed to be 3.5 lbs/day
2. It was assumed that the feeder steer weighed in at 850 lbs. shrunk weight, finish weight was estimated at 1400 lbs (1330 after 5 % shrink).
3. Days on feed is 157
4. Investment in feedlot facilities and equipment was assumed to handle 500 head.

Shortkeep Cattle Production Cost Worksheet

A. Operating Costs				Your Cost
1. Feed Costs				
1.01 Ground Barley				
		157	days on grain	
	x	24.0	lbs/feeder/day	
	÷	48.00	lbs/bushel	
	x	$2.00	/bushel	
	=	**$157.00**	**/feeder**	
1.02 Silage				
		157	days on silage	
	x	12.0	lbs/feeder/day	
	÷	2,000	lbs/ton	
	x	$25.00	/ton	
	=	**$23.55**	**/feeder**	
1.03 Supplement (Salt, Vitamins, Minerals, Ionophore)				
		157	days on supplement	
		0.75	lbs/feeder/day	
	x	$215.00	/ton	
	=	**$12.66**	**/feeder**	
2. Other Operating Costs				
2.01 Feeder Cattle Cost				
Buying Commission		$6.75	/feeder	
Trucking-in		$1.25	/cwt	
	x	850	lbs/feeder	
	÷	100	lbs/cwt	
	=	$10.63	/feeder	
Feeder		850	lbs/feeder	
	x	$125.00	/cwt	
	÷	100	lbs/cwt	
	=	$1,062.50	/feeder	
Total	=	**$1,079.88**	**/feeder**	

2.02 Straw

0.25	tons/feeder	
x $15.00	/ton	
= **$3.75**	**/feeder**	

2.03 Veterinary Medicine & Supplies

Cattle Medication

+ $0.64	Vitamins	
+ $5.00	Parasite control	
+ $0.55	Blackleg	
+ $1.61	Growth Implants	
+ $2.00	Antibiotics	
= **$9.80**	**/feeder**	

2.04 Annual Fuel & Repair Costs

$1,200.00	repairs	
+ $2,200.00	fuel costs	
+ 500	feeder cattle	
= **$6.80**	**/feeder**	

2.05 Utilities

$2,700.00	/year	
+ 500	feeder cattle	
= **$5.40**	**/feeder**	

2.06 Marketing & Transportation

Trucking

700	miles	
x $3.00	/loaded mile	
+ 38	head/load	
= $55.47	/feeder	

Other US Costs +	$8.72	/feeder
Total =	**$64.19**	**/feeder**

2.07 Insurance

$127,857	building & equipment investment	
x $0.60	/$100 capital	
+ 100	/$100	
+ 500	feeder cattle	
= $1.53	/feeder	

$633,125	herd investment	
x $0.45	/$100 capital	
+ 100	/$100	
+ 500	feeder cattle	
= $5.70	/feeder	

		$30.00	additional coverage for liability	_____
	÷	500	feeder cattle	
	=	$0.06	/feeder	_____
Total	=	**$7.29**	**/feeder**	_____

2.08 Manure Removal

	$2,700.00	annual removal cost	_____
÷	500	feeder cattle	_____
=	**$5.40**	**/feeder**	_____

2.09 Barn & Office Supplies

	$160.00	total barn expenses	_____
÷	500	feeder cattle	_____
=	**$0.32**	**/feeder**	_____

2.10 Death Loss

	$1,079.88	feeder cattle cost	_____
+	$1,311.85	maximum value	_____
÷	2	average	_____
x	0.50	% mortality rate	_____
=	**$5.98**	**/feeder**	_____

2.11 Operating Interest

(Operating interest is charged on one half the subtotal operating costs)

	$1,079.88	feeder cost	_____
+	$148.08	½ of feed & other costs	_____
x	8.50	% operating interest	_____
x	157	days on feed	_____
÷	365	days/year	_____
=	**$44.90**	**/feeder**	_____

Capital Costs

Buildings,Corrals & Water System		
Windbreak fence	$4,900	
Pens	$3,027	
Grain Bin	$3,000	
Handling Facilities	$3,500	
Waterers	$4,000	
Gates	$1,280	
Feeders	$1,650	
Bunk Feeders	$23,000	
Well & Pressure System	$3,500	
Landscaping	$10,000	
Total	**$57,857**	
Machinery & Equipment		
Tractor & Loader	$50,000	
Miscellaneous	$20,000	
Total Investment	**$127,857**	

B. Fixed Costs

3. Depreciation $\frac{\text{Original Cost - Salvage Value}}{\text{Useful Life}}$

3.01 Buildings

	$57,857	original cost	
-	$5,786	salvage value	
÷	20	years useful life	
÷	500	feeder cattle	
=	**$5.21**	**/feeder**	

3.02 Machinery & Equipment

	$70,000	original cost	
-	$14,000	salvage value	
÷	10	years useful life	
÷	500	feeder cattle	
=	**$11.20**	**/feeder**	

4. Investment **Original Cost + Salvage Value x Investment Rate**
2

4.01 Buildings

	$57,857	original cost	
+	$5,786	salvage value	
÷	2	average	
x	5.00	% investment rate	
÷	500	feeder cattle	
=	**$3.18**	**/feeder**	

4.02 Machinery & Equipment

	$70,000	original cost	
+	$14,000	salvage value	
÷	2	average	
x	5.00	% investment rate	
÷	500	feeder cattle	
=	**$4.20**	**/feeder**	

5. Labour

	2.0	hours/feeder/year	
x	$10.00	/hour	
=	**$20.00**	**/feeder**	

Breakeven Calculations

				Your Cost
Cost per lb of gain sold				
Feed Costs		$193.21	feed cost	
	+	480	weight gain	
	=	**$0.40**	**/lb gain sold**	
Operating Costs		$1,426.91	operating costs	
	-	$1,062.50	feeder cost	
	÷	480	weight gain	
	=	**$0.76**	**/lb gain sold**	
Total Operating		$1,450.70	operating & fixed costs	
& Fixed Costs	-	$1,062.50	feeder cost	
	÷	480	weight gain	
	=	**$0.81**	**/lb gain sold**	
Total Costs		$1,470.70	fixed costs	
	-	$1,062.50	feeder cost	
	÷	480	weight gain	
	=	**$0.85**	**/lb gain sold**	
Breakeven selling price				
Operating Costs		$1,426.91	operating costs	
	+	1,330	lbs shrunk weight	
	=	**$1.07**	**/lb**	
Total Operating		$1,450.70	operating & fixed costs	
& Fixed Costs	+	1,330	lbs shrunk weight	
	=	**$1.09**	**/lb**	
Total Costs		$1,470.70	fixed costs	
	+	1,330	lbs shrunk weight	
	=	**$1.11**	**/lb**	

For more information contact your local Manitoba Agriculture and Food Office.

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Short Keep Feedlot Facilities